When dollar sells for $14, what's profit?

By Roger Boye

This week's column answers more questions from Tribune readers.

Q—A Chicago coin shop is charging $14 each for U.S. silver dollars from the 1920s. The coins are marked "VF" for "very fine condition." How much profit would the store make on such a sale?

T.P., Chicago

A—The dealer probably bought those keepsakes for $9 or $10 each. The normal markup on rare coins ranges from 40 to 60 percent of the wholesale price, although profit margins vary greatly with coin type and condition. Many dealers will accept a smaller profit on items they can resell quickly.

Much of a dealer's gross income pays basic expenses, such as staff salaries, rent, supplies, etc. The net profit often is a small fraction of retail sales.

Profit margins on American Eagles and other gold "bullion coins" can dip below five percent. Dealers depend on frequent sales of such items to earn their money.

Q—Why are dimes the smallest coin? The size doesn't seem to make sense when compared with its legal-tender value.

R.D., Itasca

A—Years ago Uncle Sam made dimes out of silver, with the coin's weight set at one-tenth of a silver dollar's. Although modern-day dimes no longer contain precious metal, the small weight (and size) has stuck.

Q—Why do gold coins like the American Eagle and South African Krugerrand include copper? I'm told the Canadian Maple Leaf is made with pure gold.

N.C., Waukegan

A—Copper strengthens the alloy and enhances the color. Gold coins with copper tend to wear better than those without.

Q—Twice in the past few weeks I sent you a question about an 1853 $5 gold piece, asking that you answer in your column. I have yet to see my letter published. Why the delay?

W.S., Chicago

A—In the column I use only those questions with the widest possible interest because of the volume of mail. Readers wanting a personal reply should include a self-addressed, stamped envelope with their queries.